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February 7, 2012

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **PHYSICIAN SERVICES FOR INDIGENTS PROGRAM
(PSIP) STATUS REPORT**

Mitchell H. Katz, M.D.
Director

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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

On February 16, 2010, your Board instructed the Auditor-Controller (A-C) to conduct a policy and operational review of the Department of Health Services (DHS) Physician Services for Indigent Program (PSIP). On March 11, 2011 the A-C issued the results of its review which included several recommendations to improve the program's administration. One recommendation was that DHS submit semiannual status reports to the Board to further increase transparency. This report is in response to that recommendation and it addresses program data, major reimbursement issues and other pertinent information.

Effective July 1, 2010, the physician reimbursement rate was reduced to 18% of the Official County Fee Schedule (OCFS). This reduction was made as a result of the State's elimination of the Emergency Medical Services Appropriation (EMSA). The 18% rate is below the average Medi-Cal reimbursement rate. Due to a projected funding shortfall, the 18% reimbursement rate could not be maintained for all Fiscal Year (FY) 2010-11 claims; therefore, the rate was reduced to 12% for all outstanding claims as of October 18, 2011.

For FY 2011-12 the reimbursement rate is set at 14%. This rate was based on revenues projected at the same level as FY 2010-11 and an estimated 8% increase in claim volume. It is possible that the number of claims will decrease due to the increased enrollment in Healthy Way LA. We will continue to monitor claim volume and collections to ensure compliance with the California Health and Safety Code Section 1797.98a, which requires DHS to allocate projected revenues to ensure some payment of all eligible claims.



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Attached is a schedule which shows the program's enrollment and claim data for Fiscal Year (FY) 2009-10 and year-to-date FY 2010-11 and FY 2011-12.

DHS is currently working with the A-C to complete implementation of the recommendations from the March 11, 2011 A-C review and other potential program improvements as stated in the October 25, 2011 Board motion. The audit follow up report will be submitted in March 2012.

The next status report will be submitted in June 2012. In the meantime, we will keep you informed of any changes in the program. If you have any questions, please contact me or Cathy Chidester, EMS Director, at (562) 347-1604.

MHK:cc

Attachment

c: Executive Office, Board of Supervisors
 County Counsel
 Chief Executive Office
 Auditor-Controller
 Emergency Medical Services Commission
 Hospitals and Health Care Delivery Commission

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
PHYSICIAN SERVICES FOR INDIGENTS PROGRAM (PSIP)
As of December 2011

Category	FY 2009-10 Final	FY 2010-11 YTD	FY 2011-12 YTD ⁽¹⁾
Physicians enrolled	4,676	4,955	4,955
Claims received	506,580	548,552	49,545
Claims returned/rejected ⁽²⁾	55,342	47,401	-
Claims denied ⁽³⁾	93,238	95,676	-
Claims paid	358,000	386,536	-
Claims to be processed	-	18,939	49,545
Total reimbursement	\$ 17,492,699	\$ 16,548,624	\$ -
Average reimbursement per ER claim ⁽⁴⁾	\$ 49	\$ 43	\$ -

⁽¹⁾ FY 2011-12 claims received are being In process for payment.

⁽²⁾ Rejected due to incomplete data, missing documentation or physician not enrolled in the program. Some claims are re-submitted for payment.

⁽³⁾ Denied due to not conforming to program requirements or incorrect CPT code/service. Some claims are re-submitted/appealed for payment.

⁽⁴⁾ FY 2009-10 claims were reimbursed at 18% of Official County Fee Schedule (OCFS). FY 2010-11 claims were reimbursed at 18% of OCFS up to October 2011 payments and then at 12% of OCFS thereafter. FY 2011-12 claims are reimbursed at 14% of OCFS.